

VZCZCXRO4403
PP RUEHBC RUEHDE RUEHKUK RUEHROV
DE RUEHRB #1812 3391723
ZNY CCCCC ZZH
P 051723Z DEC 07
FM AMEMBASSY RABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 7844
INFO RUEHEE/ARAB LEAGUE COLLECTIVE
RUEHMD/AMEMBASSY MADRID 5849
RUEHFR/AMEMBASSY PARIS 4854
RUEHCL/AMCONSUL CASABLANCA 3719

C O N F I D E N T I A L RABAT 001812

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DEPARTMENT FOR P, NEA/RA, AND NEA/MAG

E.O. 12958: DECL: 12/03/2017
TAGS: [ECIN](#) [ETRD](#) [ECON](#) [PREL](#) [XA](#)
SUBJECT: AMU SYG INSISTS ECONOMIC COOPERATION KEY TO
MAGHREB UNITY

Classified by Ambassador Thomas Riley for reasons 1.4 (b) and (d).

¶1. (C) Summary: AMU Secretary-General El-Habib Benyahya recently outlined for the Ambassador his view that economic cooperation was the most promising driver for unity and integration in the Maghreb. The agenda for a December 10 economic ministerial in Tripoli would include a draft regional free trade agreement, and proposals to harmonize customs and investment regimes among member states, he related. The business community is a critical constituency and key source of support in the cause of AMU integration, Benyahya underlined. End summary.

¶2. (C) During a November 26 meeting at the Arab Maghreb Union Secretariat in Rabat, Secretary-General (and former Tunisian

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Foreign and Defense Minister) El-Habib Benyahya discussed with the Ambassador ongoing efforts to promote regional integration in the Maghreb region. Acknowledging that the Sahara question posed a formidable obstacle to regional unity (septel), Benyahya explained that his overall strategy was to help leaders of the region identify their broad areas of common interest and focus efforts on advancing them.

¶3. (C) Benyahya emphasized that economic cooperation, more than any other issue, was key to advancing the broader agenda of regional integration. The December 10 meeting of AMU Ministers of Economy and Trade in Tripoli would be a particularly important opportunity to advance the agenda of common interest among member states, Benyahya suggested. At the meeting, the ministers would be discussing a draft AMU Free Trade Zone Agreement (FTA). He also expected the ministers to discuss harmonization of member states' customs codes and investment regulations. Benyahya saw a pressing need to increase intra-regional trade, which is currently estimated at a paltry 3 percent of the overall trade of countries in the region. Worse, more than 80 percent of this total is Tunisian-Libyan bilateral trade, Benyahya said, which highlights how little economic interaction there is between the other AMU states.

¶4. (C) A prospective AMU FTA was only one of a growing "preponderance of (proposed) free trade agreements" that could impact the Maghreb region, Benyahya allowed. The (partially implemented) Agadir Accord (which linked Egypt, Morocco, Jordan, and Tunisia in a free trade pact), and the broader (proposed) Arab Free Trade Zone are also still active efforts, he noted. Benyahya singled out the Barcelona Euro-Mediterranean process, aiming to establish a Mediterranean free trade zone by 2010, as a driver of economic reform for the AMU states. By imposing standards,

the Euro-Med process is "helping us put our house in order," he asserted.

15. (C) Benyahya saw free trade as critical to stimulating economic growth in the region, itself key to promoting long-term social stability. He estimated that to keep up with youth entering the job market, the AMU countries combined need to create one million jobs/year. Noting that the AMU had recently established an institutional dialogue with the Gulf Cooperation Council, Benyahya expressed hope that growing interest on the part of investors from the Gulf could help finance major infrastructure projects needed in the AMU states, such as upgraded road and rail networks. Libya, he observed, currently has no rail network at all.

16. (C) Business has been more supportive of this agenda than other interest group, as it sees the opportunities created by regional cooperation. The recently established AMU employers' union, seated in Algiers, is actively promoting cross investment and joint ventures within the region. Benyahya saw Morocco and Tunisia as having the region's most dynamic private sectors, with the other three states lagging behind.

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